

HUBBARD CO-OP CABLE
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April 18, 2005

Ms. Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
Washington, DC 20554

via electronic filing

Re: American Cable Association Petition for Rulemaking, RM-11203

Dear Ms. Dortch:

On behalf of The Hubbard Co-op Cable, I write to express our strongest support for ACA's petition for rulemaking on retransmission consent. I operate an independent cable company that serves customers in smaller, rural areas, and I can verify that the petition accurately describes the upcoming retransmission consent crisis. Broadcasters, including those in my markets, have made it clear that they will force us to charge an additional \$5 to \$6 per subscriber per month for basic cable, to cover new demands of cash for carriage. ACA's solution to this problem is pro-competition, pro-consumer, and deregulatory. It will benefit the consumer served by my company and will help keep down the costs of basic cable.

Provided below is some information about my company and why we think the Commission needs to grant ACA's petition.

Company background

Established in 1993, Hubbard Co-op Cable provides cable service to the town residents of Hubbard. We have five employees along with one headend serving our 250 subscribers. Our biggest challenge is competing with the two dish companies that are supplying service in the area with more channels to choose from. Although they are more expensive, the consumers are swayed to them because of the variety of channels that are offered in their packages. I

estimate that programming cost have increased by more than 11% per year for the last three years.

The broadcasters' demands for several more dollars per month presents a major problem. For example, Hearst-Argyle Television, Inc., which is the licensee of KCCI channel 8 out of Des Moines, Iowa, sent us a Three-Year Must Carry and Channel Position Election. This election was effective for the period beginning January 1, 2000 and terminating as of December 31, 2002. Then in November 1999 we received a Will Carry Agreement from Hearst-Argyle for Lifetime Entertainment Services. We did not carry Lifetime and had no intention of carrying it in the near future; therefore we did not sign the agreement. Also in the month of November we received a letter stating once again that the Will Carry Agreement and the Lifetime Network Agreement had to be signed in order to broadcast the air channel. In the Lifetime Network Agreement it stated that if we signed the agreement the cost for the year 2000 would be \$0.30 per subscriber (app. \$77.00 per month) and if we chose not to sign with Lifetime then the retransmission fee to air KCCI channel 8 out of Des Moines would be \$0.55 per subscriber (app. \$141.00 per month). We received two more letters in December stating the same information. No other correspondence was received until September 2002, which was a Three-Year Must Carry and Channel Position Election letter. This election is effective for the period beginning January 1, 2003 and termination as of December 31, 2005. Having to agree to one of these terms would mean more expenses for our company; therefore the price of monthly cable would be raised.

KPWB of Ankeny was another problem we had with retransmission. They wanted us to carry KPWB on channel 9, which is currently occupied by WGN Chicago. We have called several times to make them aware of the situation but we have never received a return phone call. At this time nothing has been signed and sent back to KPWB and this channel has been transmitting on channel 19 where it was originally placed by our company.

Because our margins are already stretched thin, we would have no choice but to pass these costs onto our customers. They will be angry. Some will drop our service. Those that do not will have to pay up to several dollars more for basic cable.

Why we support ACA's Petition

Basically, all that ACA asks for is a right for us to shop and only when a broadcaster demands a price for retransmission consent. In my markets, I know this will work to lower the cost of retransmission consent for my customers.

First, I know that I could obtain network programming at a lower cost from other broadcasters. I can do this by receiving signals from neighboring markets.

Second, if the broadcasters in my market know alternatives exist, I am confident I will be able to negotiate a lower price. That works in every type of transaction, and it will work in retransmission consent.

As stated in the petition, the problem is not that broadcasters demand a “price” for retransmission consent. The problem is that they block our ability to find lower-cost alternatives. The petition shows how this problem will easily cost consumers and smaller cable operators upwards of \$1 billion next year. In my market, broadcaster’s demands will cost my company and our subscribers at least \$11,250 per year.

By making the limited changes requested by ACA, the Commission will bring some market discipline to retransmission consent “pricing.” This will help to keep our costs down and will benefit our consumers

Our concern for localism

As a final point, I want the Commission to know that we support local broadcasting and prefer to carry our local broadcasters. We currently provide several hours of local programming on our cable system. We understand the importance of local programming, but we also understand how much our customers are willing to pay for it. The problem is the higher prices being demanded by more and more owners of these stations. Most often the owners are based in corporate headquarters hundreds or thousands of miles away. Frankly, they don’t care about localism. They just want our customers’ money.

We fully support a fair exchange of value for carriage of local signals. But when broadcasters demand a “price,” we need the ability to “shop” to get a “price” that fairly reflects the value of the signal. Please act on ACA’s Petition as soon as you can.

Sincerely,

_____/s/____

Larry Kielsmeier, General Manager

